

Attachment C

Fitchburg State University Foundation

FY22 Draft Governance Letter

October ____, 2022

The Board of Directors
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

This letter is to inform the Board of Directors of Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc. (collectively the "Organization") about significant matters related to the conduct of our audit of the consolidated financial statements as of and for the year ended June 30, 2022, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibility with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated June 20, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 22, 2022 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Organization's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- *Financial Statement Disclosures* - We will discuss with you items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements.
- *Adoption of, or Change in, Accounting Policies* - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. During the year ended June 30, 2022, the Organization adopted the Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization.
- *Alternative Treatments within Generally Accepted Accounting Principles Discussed with Management* - We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices during the current audit period.

Significant Accounting Practices, Including Policies, Estimates and Disclosures (continued)

- *Significant or Unusual Transactions* - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- *Management's Judgments and Accounting Estimates* - Accounting estimates are an integral part of preparing financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the discounts and allowances related to accounts receivable and contributions receivable, contributions for services rendered from Fitchburg State University, and accumulated depreciation allowances. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balances presented to us to begin our audit of the Organization.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters related to the Organization.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Organization.

Management Representations

A management representation letter has been drafted and will be presented to management for signature. A copy of the executed letter will be available upon request when signed.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.